



Midwest Health Plan, Inc.

(313)581-8699
(Fax Number)

OFFICERS

Treasurer

OTHERS

DIRECTORS OR TRUSTEES

John Lindsey

State of Michigan
County of Wayne ss

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of the said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

(Signature)
Mark Saffer

 (Printed Name)
 1.
President

 (Title)

(Signature)
 Jack Shapiro

 (Printed Name)
 2.
 Secretary

 (Title)

(Signature)
Robert Rubin
(Printed Name)
3.
Treasurer
(Title)

(Notary Public Signature)

ASSETS

		Current Year			Prior Year
		1	2	3	4
		Assets	Nonadmitted Assets	Net Admitted Assets (Cols.1-2)	Net Admitted Assets
1.	Bonds (Schedule D)	1,008,328		1,008,328	1,012,209
2.	Stocks (Schedule D)				
2.1	Preferred stocks				
2.2	Common Stocks				
3.	Mortgage loans on real estate (Schedule B):				
3.1	First liens				
3.2	Other than first liens				
4.	Real estate (Schedule A):				
4.1	Properties occupied by the company (less \$.....0 encumbrances)				
4.2	Properties held for the production of income (less \$.....0 encumbrances)				
4.3	Properties held for sale (less \$.....0 encumbrances)				
5.	Cash (\$.....21,622,893 Schedule E Part 1), cash equivalents (\$.....0 Schedule E Part 2) and short-term investments (\$.....53,090,622 Schedule DA)	74,713,515		74,713,515	68,036,438
6.	Contract loans (including \$.....0 premium notes)				
7.	Derivatives				
8.	Other invested assets (Schedule BA)				
9.	Receivables for securities				
10.	Securities Lending Reinvested Collateral Assets				
11.	Aggregate write-ins for invested assets				
12.	Subtotals, cash and invested assets (Lines 1 to 11)	75,721,843		75,721,843	69,048,648
13.	Title plants less \$.....0 charged off (for Title insurers only)				
14.	Investment income due and accrued	23,736		23,736	6,097
15.	Premiums and considerations:				
15.1	Uncollected premiums and agents' balances in the course of collection	455,528		455,528	2,215,757
15.2	Deferred premiums, agents' balances and installments booked but deferred and not yet due (Including \$.....0 earned but unbilled premiums)				
15.3	Accrued retrospective premiums				
16.	Reinsurance:				
16.1	Amounts recoverable from reinsurers	415,908		415,908	124,637
16.2	Funds held by or deposited with reinsured companies				
16.3	Other amounts receivable under reinsurance contracts				
17.	Amounts receivable relating to uninsured plans				
18.1	Current federal and foreign income tax recoverable and interest thereon	739,559		739,559	
18.2	Net deferred tax asset	645,000	406,000	239,000	
19.	Guaranty funds receivable or on deposit				
20.	Electronic data processing equipment and software	470,922	470,922		
21.	Furniture and equipment, including health care delivery assets (\$.....0)	248,244	248,244		
22.	Net adjustment in assets and liabilities due to foreign exchange rates				
23.	Receivables from parent, subsidiaries and affiliates				
24.	Health care (\$.....174,163) and other amounts receivable	174,163		174,163	489,393
25.	Aggregate write-ins for other than invested assets				
26.	Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	78,894,903	1,125,166	77,769,737	71,884,532
27.	From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28.	Total (Lines 26 and 27)	78,894,903	1,125,166	77,769,737	71,884,532
DETAILS OF WRITE-INS					
1101.	.....			
1102.	.....			
1103.	.....			
1198.	Summary of remaining write-ins for Line 11 from overflow page				
1199.	TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above)				
2501.	Prepaid Asset				
2502.	.....			
2503.	.....			
2598.	Summary of remaining write-ins for Line 25 from overflow page				
2599.	TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)				

LIABILITIES, CAPITAL AND SURPLUS

		Current Year			Prior Year
		1 Covered	2 Uncovered	3 Total	4 Total
1.	Claims unpaid (less \$.....0 reinsurance ceded)	25,083,949		25,083,949	21,408,857
2.	Accrued medical incentive pool and bonus amounts	1,346,608		1,346,608	1,336,508
3.	Unpaid claims adjustment expenses	767,480		767,480	655,327
4.	Aggregate health policy reserves				
5.	Aggregate life policy reserves				
6.	Property/casualty unearned premium reserves				
7.	Aggregate health claim reserves				
8.	Premiums received in advance				
9.	General expenses due or accrued	2,037,596		2,037,596	1,739,180
10.1	Current federal and foreign income tax payable and interest thereon (including \$.....0 on realized capital gains (losses))				707,000
10.2	Net deferred tax liability				
11.	Ceded reinsurance premiums payable				
12.	Amounts withheld or retained for the account of others				
13.	Remittances and items not allocated				
14.	Borrowed money (including \$.....0 current) and interest thereon \$.....0 (including \$.....0 current)				
15.	Amounts due to parent, subsidiaries and affiliates	99,585		99,585	48,486
16.	Derivatives				
17.	Payable for securities				
18.	Payable for securities lending				
19.	Funds held under reinsurance treaties with (\$.....0 authorized reinsurers and \$.....0 unauthorized reinsurers)				
20.	Reinsurance in unauthorized companies				
21.	Net adjustments in assets and liabilities due to foreign exchange rates				
22.	Liability for amounts held under uninsured plans				
23.	Aggregate write-ins for other liabilities (including \$.....0 current)				
24.	TOTAL Liabilities (Lines 1 to 23)	29,335,218		29,335,218	25,895,358
25.	Aggregate write-ins for special surplus funds	X X X	X X X		
26.	Common capital stock	X X X	X X X	186,230	186,230
27.	Preferred capital stock	X X X	X X X		
28.	Gross paid in and contributed surplus	X X X	X X X	33,770	33,770
29.	Surplus notes	X X X	X X X		
30.	Aggregate write-ins for other than special surplus funds	X X X	X X X		
31.	Unassigned funds (surplus)	X X X	X X X	48,214,519	45,769,174
32.	Less treasury stock, at cost:				
32.1	.....0 shares common (value included in Line 26 \$.....0)	X X X	X X X		
32.2	.....0 shares preferred (value included in Line 27 \$.....0)	X X X	X X X		
33.	TOTAL Capital and Surplus (Lines 25 to 31 minus Line 32)	X X X	X X X	48,434,519	45,989,174
34.	TOTAL Liabilities, Capital and Surplus (Lines 24 and 33)	X X X	X X X	77,769,737	71,884,532
DETAILS OF WRITE-INS					
2301.	Dividend Payable				
2302.	.....			
2303.	.....			
2398.	Summary of remaining write-ins for Line 23 from overflow page				
2399.	TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above)				
2501.	.....	X X X	X X X		
2502.	.....	X X X	X X X		
2503.	.....	X X X	X X X		
2598.	Summary of remaining write-ins for Line 25 from overflow page	X X X	X X X		
2599.	TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)	X X X	X X X		
3001.	.....	X X X	X X X		
3002.	.....	X X X	X X X		
3003.	.....	X X X	X X X		
3098.	Summary of remaining write-ins for Line 30 from overflow page	X X X	X X X		
3099.	TOTALS (Lines 3001 through 3003 plus 3098) (Line 30 above)	X X X	X X X		

STATEMENT OF REVENUE AND EXPENSES

		Current Year		Prior Year
		1 Uncovered	2 Total	3 Total
1.	Member Months	X X X	848,284	802,338
2.	Net premium income (including \$.....248,357,265 non-health premium income)	X X X	248,357,265	227,019,651
3.	Change in unearned premium reserves and reserve for rate credits	X X X		
4.	Fee-for-service (net of \$.....0 medical expenses)	X X X		
5.	Risk revenue	X X X		
6.	Aggregate write-ins for other health care related revenues	X X X	(588,639)	(3,634,983)
7.	Aggregate write-ins for other non-health revenues	X X X		
8.	TOTAL Revenues (Lines 2 to 7)	X X X	247,768,626	223,384,669
Hospital and Medical:				
9.	Hospital/medical benefits		146,734,048	132,578,368
10.	Other professional services		12,614,467	11,399,859
11.	Outside referrals		1,864,977	1,680,093
12.	Emergency room and out-of-area		14,434,913	13,856,256
13.	Prescription drugs		25,144,060	24,360,875
14.	Aggregate write-ins for other hospital and medical			
15.	Incentive pool, withhold adjustments and bonus amounts		3,218,898	2,827,416
16.	Subtotal (Lines 9 to 15)		204,011,362	186,702,867
Less:				
17.	Net reinsurance recoveries		165,908	212,090
18.	TOTAL Hospital and Medical (Lines 16 minus 17)		203,845,454	186,490,777
19.	Non-health claims (net)			
20.	Claims adjustment expenses, including \$.....0 cost containment expenses		3,026,000	2,827,028
21.	General administrative expenses		28,243,555	23,223,159
22.	Increase in reserves for life and accident and health contracts (including \$.....0 increase in reserves for life only)			
23.	TOTAL Underwriting Deductions (Lines 18 through 22)		235,115,010	212,540,965
24.	Net underwriting gain or (loss) (Lines 8 minus 23)	X X X	12,653,616	10,843,704
25.	Net investment income earned (Exhibit of Net Investment Income, Line 17)		52,073	116,693
26.	Net realized capital gains (losses) less capital gains tax of \$.....0			
27.	Net investment gains (losses) (Lines 25 plus 26)		52,073	116,693
28.	Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$.....0) (amount charged off \$.....0)]			
29.	Aggregate write-ins for other income or expenses			
30.	Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29)	X X X	12,705,689	10,960,397
31.	Federal and foreign income taxes incurred	X X X	4,196,441	3,900,000
32.	Net income (loss) (Lines 30 minus 31)	X X X	8,509,248	7,060,397
DETAILS OF WRITE-INS				
0601.	Revenue - Other	X X X	368,366	205,116
0602.	Management Fee Income - Related Party	X X X	240,000	240,000
0603.	Child & Adolescent Health Center Fee	X X X	(1,197,005)	(1,057,574)
0698.	Summary of remaining write-ins for Line 6 from overflow page	X X X		(3,022,525)
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)	X X X	(588,639)	(3,634,983)
0701.	.....	X X X		
0702.	.....	X X X		
0703.	.....	X X X		
0798.	Summary of remaining write-ins for Line 7 from overflow page	X X X		
0799.	TOTALS (Line 0701 through 0703 plus 0798) (Line 7 above)	X X X		
1401.	.....		
1402.	Unpaid Claims Adjustment Expense			
1403.	.....		
1498.	Summary of remaining write-ins for Line 14 from overflow page			
1499.	TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above)			
2901.	.....		
2902.	Extraordinary Item - Claim Settlement			
2903.	.....		
2998.	Summary of remaining write-ins for Line 29 from overflow page			
2999.	TOTALS (Line 2901 through 2903 plus 2998) (Line 29 above)			

STATEMENT OF REVENUE AND EXPENSES (Continued)

		1	2
		Current Year	Prior Year
CAPITAL & SURPLUS ACCOUNT			
33.	Capital and surplus prior reporting year	45,989,174	38,802,677
34.	Net income or (loss) from Line 32	8,509,248	7,060,397
35.	Change in valuation basis of aggregate policy and claim reserves		
36.	Change in net unrealized capital gains (losses) less capital gains tax of \$.....0		
37.	Change in net unrealized foreign exchange capital gain or (loss)		
38.	Change in net deferred income tax	239,000	
39.	Change in nonadmitted assets	(302,903)	126,100
40.	Change in unauthorized reinsurance		
41.	Change in treasury stock		
42.	Change in surplus notes		
43.	Cumulative effect of changes in accounting principles		
44.	Capital Changes:		
44.1	Paid in		
44.2	Transferred from surplus (Stock Dividend)		
44.3	Transferred to surplus		
45.	Surplus adjustments:		
45.1	Paid in		
45.2	Transferred to capital (Stock Dividend)		
45.3	Transferred from capital		
46.	Dividends to stockholders	(6,000,000)	
47.	Aggregate write-ins for gains or (losses) in surplus		
48.	Net change in capital and surplus (Lines 34 to 47)	2,445,345	7,186,497
49.	Capital and surplus end of reporting year (Line 33 plus 48)	48,434,519	45,989,174
DETAILS OF WRITE-INS			
4701.	.....	
4702.	.....	
4703.	.....	
4798.	Summary of remaining write-ins for Line 47 from overflow page		
4799.	TOTALS (Lines 4701 through 4703 plus 4798) (Line 47 above)		

CASH FLOW

		1	2
		Current Year	Prior Year
Cash from Operations			
1.	Premiums collected net of reinsurance	250,117,494	224,803,894
2.	Net investment income	48,309	286,187
3.	Miscellaneous income	(588,639)	(3,634,983)
4.	Total (Lines 1 through 3)	249,577,164	221,455,099
5.	Benefit and loss related payments	200,451,532	184,593,194
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7.	Commissions, expenses paid and aggregate write-ins for deductions	30,643,114	25,661,051
8.	Dividends paid to policyholders		
9.	Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses)	5,640,000	3,050,000
10.	Total (Lines 5 through 9)	236,734,646	213,304,245
11.	Net cash from operations (Line 4 minus Line 10)	12,842,518	8,150,854
Cash from Investments			
12.	Proceeds from investments sold, matured or repaid:		
12.1	Bonds	1,000,000	1,010,000
12.2	Stocks		
12.3	Mortgage loans		
12.4	Real estate		
12.5	Other invested assets		
12.6	Net gains or (losses) on cash, cash equivalents and short-term investments		
12.7	Miscellaneous proceeds		
12.8	Total investment proceeds (Lines 12.1 to 12.7)	1,000,000	1,010,000
13.	Cost of investments acquired (long-term only):		
13.1	Bonds	1,009,993	1,014,483
13.2	Stocks		
13.3	Mortgage loans		
13.4	Real estate		
13.5	Other invested assets		
13.6	Miscellaneous applications		
13.7	Total investments acquired (Lines 13.1 to 13.6)	1,009,993	1,014,483
14.	Net increase (decrease) in contract loans and premium notes		
15.	Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	(9,993)	(4,483)
Cash from Financing and Miscellaneous Sources			
16.	Cash provided (applied):		
16.1	Surplus notes, capital notes		
16.2	Capital and paid in surplus, less treasury stock		
16.3	Borrowed funds		
16.4	Net deposits on deposit-type contracts and other insurance liabilities		
16.5	Dividends to stockholders	6,000,000	
16.6	Other cash provided (applied)	(155,448)	(772,336)
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	(6,155,448)	(772,336)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS			
18.	Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	6,677,077	7,374,034
19.	Cash, cash equivalents and short-term investments:		
19.1	Beginning of year	68,036,438	60,662,404
19.2	End of year (Line 18 plus Line 19.1)	74,713,515	68,036,438

Note: Supplemental Disclosures of Cash Flow Information for Non-Cash Transactions:

20.0001		
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ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

		1	2	3	4	5	6	7	8	9	10
		Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1.	Net premium income	248,357,265						6,104,902	242,252,363		
2.	Change in unearned premium reserves and reserve for rate credit										
3.	Fee-for-service (net of \$.....0 medical expenses)										X X X
4.	Risk revenue										X X X
5.	Aggregate write-ins for other health care related revenues	(588,639)							(588,639)		X X X
6.	Aggregate write-ins for other non-health care related revenues		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
7.	TOTAL Revenues (Lines 1 to 6)	247,768,626						6,104,902	241,663,724		
8.	Hospital/medical benefits	146,734,048						1,889,692	144,844,356		X X X
9.	Other professional services	12,614,467						498,961	12,115,505		X X X
10.	Outside referrals	1,864,977						30,084	1,834,893		X X X
11.	Emergency room and out-of-area	14,434,913						225,096	14,209,817		X X X
12.	Prescription drugs	25,144,060						1,314,857	23,829,203		X X X
13.	Aggregate write-ins for other hospital and medical										X X X
14.	Incentive pool, withhold adjustments and bonus amounts	3,218,898							3,218,898		X X X
15.	Subtotal (Lines 8 to 14)	204,011,362						3,958,690	200,052,672		X X X
16.	Net reinsurance recoveries	165,908							165,908		X X X
17.	TOTAL Hospital and Medical (Lines 15 minus 16)	203,845,454						3,958,690	199,886,764		X X X
18.	Non-health claims (net)		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
19.	Claims adjustment expenses including \$.....0 cost containment expenses	3,026,000						207,126	2,818,875		
20.	General administrative expenses	28,243,555						943,572	27,299,983		
21.	Increase in reserves for accident and health contracts										X X X
22.	Increase in reserves for life contracts		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
23.	TOTAL Underwriting Deductions (Lines 17 to 22)	235,115,010						5,109,387	230,005,623		
24.	Net underwriting gain or (loss) (Line 7 minus Line 23)	12,653,616						995,515	11,658,101		
DETAILS OF WRITE-INS											
0501.	Revenue - Other	368,366							368,366		X X X
0502.	Management Fee Income - Related Party	240,000							240,000		X X X
0503.	Child & Adolescent Health Center Fee	(1,197,005)							(1,197,005)		X X X
0598.	Summary of remaining write-ins for Line 5 from overflow page										X X X
0599.	TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above)	(588,639)							(588,639)		X X X
0601.	.....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0602.	.....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0603.	.....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0698.	Summary of remaining write-ins for Line 6 from overflow page		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
1301.	Unpaid Claims Adjustment Expense										X X X
1302.	.....										X X X
1303.	.....										X X X
1398.	Summary of remaining write-ins for Line 13 from overflow page										X X X
1399.	TOTALS (Lines 1301 through 1303 plus 1398) (Line 13 above)										X X X

UNDERWRITING AND INVESTMENT EXHIBIT
PART 1 - PREMIUMS

		1	2	3	4
Line of Business		Direct Business	Reinsurance Assumed	Reinsurance Ceded	Net Premium Income (Columns 1 + 2 - 3)
1.	Comprehensive (hospital and medical) .....	.....	.....	.....	.....
2.	Medicare Supplement .....	.....	.....	.....	.....
3.	Dental only .....	.....	.....	.....	.....
4.	Vision only .....	.....	.....	.....	.....
5.	Federal Employees Health Benefits Plan .....	.....	.....	.....	.....
6.	Title XVIII - Medicare	6,116,543	.....	11,641	6,104,902
7.	Title XIX - Medicaid	242,775,423	.....	523,061	242,252,363
8.	Other health .....	.....	.....	.....	.....
9.	Health subtotal (Lines 1 through 8)	248,891,966	.....	534,702	248,357,265
10.	Life .....	.....	.....	.....	.....
11.	Property/casualty .....	.....	.....	.....	.....
12.	TOTALS (Lines 9 to 11)	248,891,966	.....	534,702	248,357,265

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2 - CLAIMS INCURRED DURING THE YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Payments during the year:										
1.1 Direct	196,927,505						3,968,114	192,959,391		
1.2 Reinsurance assumed										
1.3 Reinsurance ceded										
1.4 Net	196,927,505						3,968,114	192,959,391		
2. Paid medical incentive pools and bonuses	3,208,797							3,208,797		
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct	25,083,949						639,068	24,444,881		
3.2 Reinsurance assumed										
3.3 Reinsurance ceded										
3.4 Net	25,083,949						639,068	24,444,881		
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct										
4.2 Reinsurance assumed										
4.3 Reinsurance ceded										
4.4 Net										
5. Accrued medical incentive pools and bonuses, current year	1,346,608							1,346,608		
6. Net healthcare receivables (a)	(315,230)						11,129	(326,359)		
7. Amounts recoverable from reinsurers December 31, current year ..	415,908							415,908		
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct	21,534,220						637,364	20,896,857		
8.2 Reinsurance assumed										
8.3 Reinsurance ceded	125,363							125,363		
8.4 Net	21,408,857						637,364	20,771,494		
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct										
9.2 Reinsurance assumed										
9.3 Reinsurance ceded										
9.4 Net										
10. Accrued medical incentive pools and bonuses, prior year	1,336,508							1,336,508		
11. Amounts recoverable from reinsurers December 31, prior year	124,637							124,637		
12. Incurred benefits:										
12.1 Direct	200,792,464						3,958,690	196,833,774		
12.2 Reinsurance assumed										
12.3 Reinsurance ceded	165,908							165,908		
12.4 Net	200,626,556						3,958,690	196,667,866		
13. Incurred medical incentive pools and bonuses	3,218,898							3,218,898		

(a) Excludes \$.....0 loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2A - CLAIMS LIABILITY END OF CURRENT YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Compre- hensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Reported in Process of Adjustment:										
1.1 Direct	9,790,426						53,144	9,737,282		
1.2 Reinsurance assumed										
1.3 Reinsurance ceded										
1.4 Net	9,790,426						53,144	9,737,282		
2. Incurred but Unreported:										
2.1 Direct	15,293,524						585,924	14,707,600		
2.2 Reinsurance assumed										
2.3 Reinsurance ceded										
2.4 Net	15,293,524						585,924	14,707,600		
3. Amounts Withheld from Paid Claims and Capitations:										
3.1 Direct										
3.2 Reinsurance assumed										
3.3 Reinsurance ceded										
3.4 Net										
4. TOTALS										
4.1 Direct	25,083,949						639,068	24,444,881		
4.2 Reinsurance assumed										
4.3 Reinsurance ceded										
4.4 Net	25,083,949						639,068	24,444,881		

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2B - ANALYSIS OF CLAIMS UNPAID-PRIOR YEAR-NET OF REINSURANCE

		Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5	6
		1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year	Claims Incurred in Prior Years (Columns 1 + 3)	Estimated Claim Reserve and Claim Liability December 31 of Prior Year
Line of Business							
1.	Comprehensive (hospital and medical)						
2.	Medicare Supplement						
3.	Dental only						
4.	Vision only						
5.	Federal Employees Health Benefits Plan						
6.	Title XVIII - Medicare	464,272	3,492,713	48,092	590,976	512,364	637,364
7.	Title XIX - Medicaid	20,834,011	172,334,632	325,543	24,119,338	21,159,553	20,771,494
8.	Other health						
9.	Health subtotal (Lines 1 to 8)	21,298,283	175,827,345	373,634	24,710,315	21,671,917	21,408,857
10.	Healthcare receivables (a)		174,163				
11.	Other non-health						
12.	Medical incentive pool and bonus amounts	1,098,530	2,110,267		1,346,608	1,098,530	1,336,508
13.	TOTALS (Lines 9 - 10 + 11 + 12)	22,396,812	177,763,449	373,634	26,056,923	22,770,447	22,745,365

(a) Excludes \$.00 loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)

Grand Total

Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2006	2 2007	3 2008	4 2009	5 2010
1.	Prior	333,384	333,332	333,306	333,303	333,304
2.	2006	94,592	104,916	104,885	104,869	104,870
3.	2007	X X X	132,423	149,778	149,829	149,830
4.	2008	X X X	X X X	147,403	161,950	162,086
5.	2009	X X X	X X X	X X X	167,209	181,192
6.	2010	X X X	X X X	X X X	X X X	176,142

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2006	2 2007	3 2008	4 2009	5 2010
1.	Prior	(207,895)	(208,379)	(208,407)	10,897	333,304
2.	2006	107,475	104,916	104,885	104,869	104,870
3.	2007	X X X	151,029	150,122	149,829	149,830
4.	2008	X X X	X X X	167,846	162,176	162,086
5.	2009	X X X	X X X	X X X	189,728	181,566
6.	2010	X X X	X X X	X X X	X X X	202,199

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1.	2006	128,668	104,870			104,870	81.504			104,870	81.504
2.	2007	176,195	149,830			149,830	85.036			149,830	85.036
3.	2008	200,504	162,086			162,086	80.839			162,086	80.839
4.	2009	227,020	181,192			181,192	79.814	374		181,566	79.978
5.	2010	6,105	176,142			176,142	2,885.263	26,057	767	202,967	3,324.654

12 Total

12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Hospital and Medical	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Hospital and Medical . . .	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Hospital and Medical . . .	NONE
12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Medicare Supplement	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Medicare Supplement . . .	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Medicare Supplement . . .	NONE
12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Dental Only	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Dental Only	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Dental Only	NONE
12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Vision Only	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Vision Only	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Vision Only	NONE
12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Fed Emp HBPP	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Fed Emp HBPP	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Fed Emp HBPP	NONE

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)

Title XVIII - Medicare

Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2006	2 2007	3 2008	4 2009	5 2010
1.	Prior					
2.	2006	662	1,057	1,055	1,055	1,055
3.	2007	X X X	1,264	1,489	1,491	1,491
4.	2008	X X X	X X X	2,492	2,841	2,869
5.	2009	X X X	X X X	X X X	3,158	3,564
6.	2010	X X X	X X X	X X X	X X X	3,504

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2006	2 2007	3 2008	4 2009	5 2010
1.	Prior					
2.	2006	1,774	1,057	1,055	1,055	1,055
3.	2007	X X X	2,261	1,522	1,491	1,491
4.	2008	X X X	X X X	3,017	2,862	2,869
5.	2009	X X X	X X X	X X X	3,774	3,612
6.	2010	X X X	X X X	X X X	X X X	4,095

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1.	2006	1,446	1,055			1,055	72.974			1,055	72.974
2.	2007	2,387	1,491			1,491	62.469			1,491	62.469
3.	2008	3,455	2,869			2,869	83.038			2,869	83.038
4.	2009	4,497	3,564			3,564	79.257	48		3,612	80.326
5.	2010	6,105	3,504			3,504	57.394	591		4,095	67.074

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)

Title XIX - Medicaid

Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2006	2 2007	3 2008	4 2009	5 2010
1.	Prior	333,384	333,332	333,306	333,303	333,304
2.	2006	93,930	103,858	103,830	103,814	103,815
3.	2007	X X X	131,160	148,289	148,338	148,339
4.	2008	X X X	X X X	144,911	159,109	159,217
5.	2009	X X X	X X X	X X X	164,051	177,628
6.	2010	X X X	X X X	X X X	X X X	172,639

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2006	2 2007	3 2008	4 2009	5 2010
1.	Prior	(207,895)	(208,379)	(208,407)	10,897	333,304
2.	2006	105,701	103,858	103,830	103,814	103,815
3.	2007	X X X	148,768	148,601	148,338	148,339
4.	2008	X X X	X X X	164,829	159,314	159,217
5.	2009	X X X	X X X	X X X	185,954	177,954
6.	2010	X X X	X X X	X X X	X X X	198,105

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1.	2006	127,223	103,815			103,815	81.601			103,815	81.601
2.	2007	173,809	148,339			148,339	85.346			148,339	85.346
3.	2008	197,049	159,217			159,217	80.801			159,217	80.801
4.	2009	222,522	177,628			177,628	79.825	326		177,954	79.971
5.	2010		172,639			172,639		25,466	767	198,872	

12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Other NONE

12 Underwriting Invest Exh Pt 2C Sn B - Incur Claims - Other NONE

12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Other NONE

13 Underwriting Invest Exh Pt 2D - A & H Reserve NONE

UNDERWRITING AND INVESTMENT EXHIBIT
PART 3 - ANALYSIS OF EXPENSES

		Claim Adjustment Expenses		3	4	5
		1	2			
		Cost Containment Expenses	Other Claim Adjustment Expenses	General Administrative Expenses	Investment Expenses	Total
1.	Rent (\$.....0 for occupancy of own building)		350,000	951,858		1,301,858
2.	Salaries, wages and other benefits		1,800,000	5,001,303		6,801,303
3.	Commissions (less \$.....0 ceded plus \$.....0 assumed)					
4.	Legal fees and expenses		30,000	52,994		82,994
5.	Certifications and accreditation fees			193,452		193,452
6.	Auditing, actuarial and other consulting services		150,000	457,528		607,528
7.	Traveling expenses			237,165		237,165
8.	Marketing and advertising		20,000	319,117		339,117
9.	Postage, express and telephone		60,000	197,503		257,503
10.	Printing and office supplies		70,000	297,389		367,389
11.	Occupancy, depreciation and amortization			46,161		46,161
12.	Equipment					
13.	Cost or depreciation of EDP equipment and software		250,000	456,385		706,385
14.	Outsourced services including EDP, claims, and other services		86,000	1,912,283		1,998,283
15.	Boards, bureaus and association fees					
16.	Insurance, except on real estate		30,000	88,247		118,247
17.	Collection and bank service charges			6,807		6,807
18.	Group service and administration fees					
19.	Reimbursements by uninsured plans					
20.	Reimbursements from fiscal intermediaries					
21.	Real estate expenses					
22.	Real estate taxes					
23.	Taxes, licenses and fees:					
23.1	State and local insurance taxes			17,851,528		17,851,528
23.2	State premium taxes					
23.3	Regulator authority licenses and fees			8,491		8,491
23.4	Payroll taxes		180,000	165,345		345,345
23.5	Other (excluding federal income and real estate taxes)					
24.	Investment expenses not included elsewhere					
25.	Aggregate write-ins for expenses					
26.	TOTAL Expenses Incurred (Lines 1 to 25)		3,026,000	28,243,555		(a) 31,269,555
27.	Less expenses unpaid December 31, current year			2,037,596		2,037,596
28.	Add expenses unpaid December 31, prior year			1,739,180		1,739,180
29.	Amounts receivable relating to uninsured plans, prior year					
30.	Amounts receivable relating to uninsured plans, current year					
31.	TOTAL Expenses Paid (Lines 26 minus 27 plus 28 minus 29 plus 30)		3,026,000	27,945,139		30,971,139
DETAILS OF WRITE-INS						
2501.	0					
2502.	0					
2503.	0					
2598.	Summary of remaining write-ins for Line 25 from overflow page					
2599.	TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)					

(a) Includes management fees of \$.....0 to affiliates and \$.....0 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1	2
		Collected During Year	Earned During Year
1.	U.S. Government bonds	(a)..... 39,237	..... 43,009
1.1	Bonds exempt from U.S. tax	(a).....	.....
1.2	Other bonds (unaffiliated)	(a).....	.....
1.3	Bonds of affiliates	(a).....	.....
2.1	Preferred stocks (unaffiliated)	(b).....	.....
2.11	Preferred stocks of affiliates	(b).....	.....
2.2	Common stocks (unaffiliated)		
2.21	Common stocks of affiliates		
3.	Mortgage loans	(c).....	
4.	Real estate	(d).....	
5.	Contract loans		
6.	Cash, cash equivalents and short-term investments	(e)..... 9,073	..... 9,064
7.	Derivative instruments	(f).....	
8.	Other invested assets		
9.	Aggregate write-ins for investment income		
10.	Total gross investment income .....	..... 48,309	..... 52,073
11.	Investment expenses	(g).....	
12.	Investment taxes, licenses and fees, excluding federal income taxes	(g).....	
13.	Interest expense	(h).....	
14.	Depreciation on real estate and other invested assets	(i).....	
15.	Aggregate write-ins for deductions from investment income		
16.	Total deductions (Lines 11 through 15)		
17.	Net Investment income (Line 10 minus Line 16) .....	..... 52,073	
DETAILS OF WRITE-INS			
0901.	.....	
0902.	.....	
0903.	.....	
0998.	Summary of remaining write-ins for Line 9 from overflow page		
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9, above)		
1501.	.....	
1502.	.....	
1503.	.....	
1598.	Summary of remaining write-ins for Line 15 from overflow page		
1599.	TOTALS (Lines 1501 through 1503 plus 1598) (Line 15, above)		
(a) Includes \$.....0 accrual of discount less \$.....13,875 amortization of premium and less \$.....4,701 paid for accrued interest on purchases.			
(b) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued dividends on purchases.			
(c) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.			
(d) Includes \$.....0 for company's occupancy of its own buildings; and excludes \$.....0 interest on encumbrances.			
(e) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.			
(f) Includes \$.....0 accrual of discount less \$.....0 amortization of premium.			
(g) Includes \$.....0 investment expenses and \$.....0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.			
(h) Includes \$.....0 interest on surplus notes and \$.....0 interest on capital notes.			
(i) Includes \$.....0 depreciation on real estate and \$.....0 depreciation on other invested assets.			

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1	2	3	4	5
		Realized Gain (Loss) on Sales or Maturity	Other Realized Adjustments	Total Realized Capital Gain (Loss) (Columns 1 + 2)	Change in Unrealized Capital Gain (Loss)	Change in Unrealized Foreign Exchange Capital Gain (Loss)
1.	U.S. Government bonds .....	.....	.....	.....	.....	.....
1.1	Bonds exempt from U.S. tax .....	.....	.....	.....	.....	.....
1.2	Other bonds (unaffiliated) .....	.....	.....	.....	.....	.....
1.3	Bonds of affiliates .....	.....	.....	.....	.....	.....
2.1	Preferred stocks (unaffiliated) .....	.....	.....	.....	.....	.....
2.11	Preferred stocks of affiliates .....	.....	.....	.....	.....	.....
2.2	Common stocks (unaffiliated) .....	.....	.....	.....	.....	.....
2.21	Common stocks of affiliates .....	.....	.....	.....	.....	.....
3.	Mortgage loans .....	.....	.....	.....	.....	.....
4.	Real estate .....	.....	.....	.....	.....	.....
5.	Contract loans .....	.....	.....	.....	.....	.....
6.	Cash, cash equivalents and short-term investments .....	.....	.....	.....	.....	.....
7.	Derivative instruments .....	.....	.....	.....	.....	.....
8.	Other invested assets .....	.....	.....	.....	.....	.....
9.	Aggregate write-ins for capital gains (losses) .....	.....	.....	.....	.....	.....
10.	Total capital gains (losses) .....	.....	.....	.....	.....	.....
DETAILS OF WRITE-INS						
0901.	.....	.....	.....	.....	.....	.....
0902.	.....	.....	.....	.....	.....	.....
0903.	.....	.....	.....	.....	.....	.....
0998.	Summary of remaining write-ins for Line 9 from overflow page ..	.....	.....	.....	.....	.....
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9, above) ..	.....	.....	.....	.....	.....

NONE

EXHIBIT OF NONADMITTED ASSETS

		1	2	3
		Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1.	Bonds (Schedule D)			
2.	Stocks (Schedule D):			
2.1	Preferred stocks			
2.2	Common stocks			
3.	Mortgage loans on real estate (Schedule B):			
3.1	First liens			
3.2	Other than first liens			
4.	Real estate (Schedule A):			
4.1	Properties occupied by the company			
4.2	Properties held for the production of income			
4.3	Properties held for sale			
5.	Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA)			
6.	Contract loans			
7.	Derivatives			
8.	Other invested assets (Schedule BA)			
9.	Receivables for securities			
10.	Securities lending reinvested collateral assets			
11.	Aggregate write-ins for invested assets			
12.	Subtotals, cash and invested assets (Lines 1 to 11)			
13.	Title plants (for Title insurers only)			
14.	Invested income due and accrued			
15.	Premium and considerations:			
15.1	Uncollected premiums and agents' balances in the course of collection			
15.2	Deferred premiums, agents' balances and installments booked but deferred and not yet due			
15.3	Accrued retrospective premiums			
16.	Reinsurance:			
16.1	Amounts recoverable from reinsurers			
16.2	Funds held by or deposited with reinsured companies			
16.3	Other amounts receivable under reinsurance contracts			
17.	Amounts receivable relating to uninsured plans			
18.1	Current federal and foreign income tax recoverable and interest thereon			
18.2	Net deferred tax asset	406,000	409,000	3,000
19.	Guaranty funds receivable or on deposit			
20.	Electronic data processing equipment and software	470,922	325,492	(145,431)
21.	Furniture and equipment, including health care delivery assets	248,244	87,771	(160,472)
22.	Net adjustment in assets and liabilities due to foreign exchange rates			
23.	Receivables from parent, subsidiaries and affiliates			
24.	Health care and other amounts receivable			
25.	Aggregate write-ins for other than invested assets			
26.	Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	1,125,166	822,263	(302,903)
27.	From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
28.	Total (Lines 26 and 27)	1,125,166	822,263	(302,903)
DETAILS OF WRITE-INS				
1101.	.....		
1102.	.....		
1103.	.....		
1198.	Summary of remaining write-ins for Line 11 from overflow page			
1199.	TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above)			
2501.	.....		
2502.	.....		
2503.	.....		
2598.	Summary of remaining write-ins for Line 25 from overflow page			
2599.	TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)			

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment		Total Members at End of					6
		1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	Current Year Member Months
1.	Health Maintenance Organizations	69,642	70,738	70,787	70,317	71,013	848,284
2.	Provider Service Organizations						
3.	Preferred Provider Organizations						
4.	Point of Service						
5.	Indemnity Only						
6.	Aggregate write-ins for other lines of business						
7.	TOTAL	69,642	70,738	70,787	70,317	71,013	848,284
DETAILS OF WRITE-INS							
0601.	.....					
0602.	.....					
0603.	.....					
0698.	Summary of remaining write-ins for Line 6 from overflow page						
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)						

Notes to Financial Statements

1. Summary of Significant Accounting Policies

A. Accounting Practices

The financial statements have been prepared in accordance with the NAIC Accounting Practices and Procedures Manual and the basis of accounting practices generally prescribed or permitted by the State of Michigan Division of Insurance (statutory basis). Financial statements prepared on the statutory basis vary in some respects from those prepared in accordance with accounting principles generally accepted in the United States of America.

The significant accounting principles, as outlined above, were followed in the preparation of the statutory basis financial statements. Had the financial statements been prepared in accordance with the accounting principles generally accepted in the United States of America, the following differences would have been noted:

- Electronic data processing equipment & software and Furnitures and fixtures would be capitalized at cost and depreciated over the estimated useful lives of the assets.
- Deferred income taxes would provide for all temporary differences between taxes currently payable and taxes based upon financial income.

B. Use of Estimates

The preparation of financial statements in conformity with Statutory Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of (1) assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and (2) revenues and expenses during the reporting period. A significant item subject to such estimates includes the accrual for hospitalization and other external providers. Actual results could differ from those estimates.

C. Accounting Policy

The Plan operates under two capitated Medicaid contracts with the Michigan Department of Community Health (MDCH). In addition, the Plan has a contract with the Centers for Medicare and Medicaid Services (CMS) for Medicare beneficiaries. For the years ended December 31, 2010 and 2009, these contracts provided the majority of the Plan's operating revenues. Revenue is recognized during the month in which coverage for enrolled members is in effect. Amounts receivable or payable as a result of the contract reconciliation process are recorded in the year known or a reasonable estimate is determinable

1. Short –term investments are stated at cost. Cash Equivalents have been accounted for in accordance with SSAP No. 2. All highly liquid investments with original maturities of three months or less are classified as cash equivalents.
2. Bonds - As a condition of licensure with the State of Michigan, the Plan is required to maintain a minimum deposit of \$1,000,000 in a segregated and restricted account. These funds can only be used by the Plan at the direction of the Commissioner. The deposited amounts are invested in a U.S. Treasury Note and stated at amortized cost.
3. Common Stocks – Not applicable
4. Preferred Stocks – Not applicable
5. Mortgage Loans – Not applicable
6. Loan –backed securities – Not applicable
7. Investments in Subsidiaries, controlled and affiliated companies – Not applicable
8. Investments in Joint Ventures, partnerships and limited liability companies – Not applicable
9. Derivatives – Not applicable
10. The Company was not required to record a premium deficiency reserve at December 31, 2010.
11. The Plan accrues the cost of hospitalization and other external provider expenses in the period in which they are provided based in part on estimates, including an estimate for claims incurred but not reported to the Plan (IBNR). These estimates are reviewed and opined upon by an Actuarial firm, Milliman. The Plan's contracts with providers require specified withholdings from capitation payments to create a pool for risk sharing based on membership. This pool is used to cover incurred expenses, excluding inpatient, in the event of over-utilization of medical services. Amounts withheld by the Plan for each Provider with 250 or more Members will be held in a separate Referral Services Fund. Six months after the end of each calendar year, an accounting of actual and accrued expenses properly chargeable to the Referral Services Fund will be done by the Plan to determine the amount of any surplus or deficit in the Provider's Referral Services Fund. Any surplus will be paid 75% to the Provider, up to a maximum of two month's capitation, and 25% to the Plan and any deficit will be allocated 25% to the Provider, up to a maximum of two month's capitation and 75% to the Plan. The Plan has approved the write-off of the Risk Share amount for Providers with a deficit balance.
12. Capitalization policy – no change in threshold. Improvements and equipment are stated at cost. Depreciation is computed over the estimated useful lives of the assets using both the straight-line and accelerated methods. All fixed assets are Non-admitted assets.
13. Pharmaceutical/Rebates Receivable – The plan recognizes pharmacy rebates/reimbursements when the amounts are known or a reasonable estimate is determinable. The Patient Protection and Affordable Care Act (PPACA) and the Health Care and Education Affordability Reconciliation Act signed into law in March 2010 are expected to result in a significant reduction in pharmaceutical rebates received by the Plan in subsequent periods.

2. Accounting Change and Correction of Errors

Notes to Financial Statements

None.

3. Business Combination and Goodwill

None

4. Discontinued Operations

None.

5. Investments

A. Mortgage Loans – None

B. Debt Restructuring – None

C. Reverse Mortgages – None

D. Loan-Backed Securities– None

E. Repurchase Agreements – None

F. Real Estate – None

G. Investment in Low-Income Housing Tax Credits – None

Midwest Health Plan has the following investments:

- In compliance with the Michigan Insurance Code, the Plan maintains a minimum \$1,000,000 deposit in a restricted account held for the Department of Energy, Labor and Economic Growth – Office of Financial and Insurance Regulation. The Plan has determined that this investment will be held to maturity, over one year, and therefore carried at amortized cost in the accompanying financial statements.
- Cash Equivalents and Short-term investments consist primarily of U.S. Treasury Bills and/or high-grade discounted commercial paper with original maturities greater than three months and less than one year and an Institutional Prime Money Market fund. The Plan has determined that its short-term investments will be held to maturity and therefore carried at cost in the accompanying financial statements.

6. Joint Ventures, Partnerships and Limited Liability Companies

None.

7. Investment Income

Investment income was from the following sources in 2010:

Cash, Cash Equivalents and Short-Term Investments	\$51,482
Long-term bond – U.S. Treasury Note	<u>591</u>
Totals	\$52,073

Investment Income due and accrued was \$12,804 and \$6,097 for the year-ended December 31, 2010 and 2009, respectively. Investment market factors for short-term, high grade instruments (U.S. Treasury Bills and Prime Money Market Fund) have resulted in a significant reduction in investment income in 2010 and 2009.

8. Derivative Instruments

None.

9. Income Taxes

- A. Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The significant components of the deferred tax asset and liabilities, that are all Ordinary, recognized at December 31, 2010 and 2009, respectively are as follows:

December 31	2010	2009
Gross Deferred Tax Assets:		
Network Development List	\$129,000	\$158,000
Discounted Unpaid Losses	201,000	178,000
Improvements & Equipment	277,000	54,000
Related Party Payable	<u>38,000</u>	<u>19,000</u>
Goss Deferred Tax Assets	\$645,000	\$409,000
Non-Admitted Deferred Tax Assets	<u>\$(406,000)</u>	<u>\$(409,000)</u>
Net Admitted Deferred Tax Assets	<u>\$239,000</u>	<u>\$ 0</u>
Change in Non-Admitted Deferred Tax Assets	\$ (3,000)	\$ (45,000)

Notes to Financial Statements

The Plan's admitted deferred tax assets are admitted through realization by the end of the subsequent year. The Plan has not elected to admit deferred tax assets pursuant to paragraph 10e of SSAP 10R, which is consistent with prior reporting periods.

- B. There are no unrecognized deferred tax liabilities.
- C. The provision for taxes on income consisted of the following:

<i>Year Ended December 31,</i>	<u>2010</u>	<u>2009</u>
Current federal income taxes	\$4,196,441	\$3,900,000
Change in Admitted Deferred Tax Assets - Ordinary	239,000	0
Taxes on Income	\$4,435,441	\$3,900,000

- D. The provision for federal taxes on income incurred is different from that which would be obtained by applying the statutory Federal income tax rate to income before income taxes primarily due to non-deductible meals and entertainment.
- E.
 - 1. The Company had no operating loss carry forwards.
 - 2. The amount of federal income taxes incurred in 2010 and 2009 that will be available for recoupment in the event of future net losses is \$4,196,441 and \$3,900,000, respectively.
- F. The Company's Federal Income Tax return is not consolidated with any other entities.

Supplemental Disclosures of Cash Flow Information

Cash paid during the year for:

<i>Year Ended December 31,</i>	<u>2010</u>	<u>2009</u>
Income taxes	\$5,640,000	\$3,050,000

10. Information Concerning Parent, Subsidiaries and Affiliates

Under a primary site/plan agreement with Rick Poston, DO PC, the Plan is responsible for making payments for provider services based on enrolled members. For the years ended December 31, 2010 and 2009 total expense for provider services to this affiliate was \$334,945 and \$296,911 respectively.

Total Amounts due to affiliates were \$99,585 and \$48,486 at December 31, 2010 and 2009, respectively.

The Plan has an operating lease agreement with SPS Woodbridge, LLC. The rent expense with affiliates was \$564,585 and \$553,486 for the years December 31, 2010 and 2009, respectively. Effective January 1, 2009, the Plan's lease with SPS Woodbridge, LLC was amended for reduced premises and the term extended until December 31, 2013.

The Plan has an Affiliate Services Agreement with Midwest Health AKM, Inc. For the years ended December 31, 2010 and 2009 respectively the Plan recognized: Other revenue of \$240,000 and \$240,000, allocated expenses of \$180,000 and \$180,000 that results in a \$60,000 and \$60,000 profit for each year.

In 2010 the Plan paid a business service fee of \$545,000 to Midwest Health Center, P.C. This fee was for strategic growth and enhanced operations of the Plan.

The Plan paid a \$6,000,000 dividend to its shareholders in October 2010. This was proportionately paid to RJM Company, LLC, a Michigan company and Dr. Jano.

11. Debt

None

12. Employee Benefit Plan

- A. Defined Benefit Plan - None
- B. Defined Contribution Plan - The Plan maintains a 401(k) plan for its employees. All employees are eligible to participate in the 401(k) plan after completion of age and service requirements. The Plan makes matching contributions to the 401(k) plan up to four percent or eligible compensation. Contributions, net of forfeitures, made to the 401(k) plan by the Plan for the years ended December 31, 2010 and 2009 were approximately \$124,127 and \$117,579, respectively. The fair value of plan assets was \$2,981,425 and \$2,523,540 at December 31, 2010 and 2009 respectively.
- C. Multiemployer Plans – None
- D. Consolidated/Holding Company Plans – None
- E. Post employment Benefits and Compensated Absences – None

Notes to Financial Statements

F. Impact of Medicare Modernization Act on Postretirement Benefits – None – The Plan does not sponsor a group health plan for retirees.

13. Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations

- The Plan has 60,000 shares authorized, 8,465 issued and outstanding at a par value of \$ 22 as of December 31, 2010.
- The Plan has no preferred stock.
- Without prior approval of its domiciliary commissioner, dividends to shareholders are limited by the laws of the Company's state of incorporation, Michigan, and to an amount based on restrictions relating to statutory surplus.
- The Plan declared a \$6,000,000 ordinary dividend on September 15, 2010. The dividend was proportionately paid to its shareholders on October 19, 2010. This dividend resulted in no change in the ultimate control of the Plan.
- Within the limitations above, there are no restrictions placed on the portion of Company profits that may be paid as ordinary dividends to stockholders.
- There were no restrictions placed on the Company's surplus, including for whom the surplus is being held.
- There are no Surplus Notes.
- There is no stock held by the Plan for special purposes (conversion, employee stock options or purchase warrants).
- There are no special surplus funds
- There are no Unassigned funds
- There are no Surplus Notes
- There is no quasi-reorganization
- There is no quasi-reorganization

14. Commitments and Contingencies

None

15. Leases

The Plan entered into a new operating lease (with a non-affiliate) for its primary office space in December 2010. This a 10 year lease, however it is cancellable after 6 years. At the time the new lease commenced, the prior operating lease agreement expired. Rental expense was \$834,673 and \$840,000 in 2010 and 2009, respectively. In addition, the Plan leases office space under an operating lease agreement with SPS Woodbridge, LLC, and a related party, which terminates on December 31, 2013. Rental expense, net of sub-leases, was approximately \$467,000 and \$489,000 for 2010 and 2009, respectively. The sublease rentals, with non-affiliates, were approximately \$97,000 and \$65,000 for 2010 and 2009, respectively. At December 31, 2010, the minimum aggregate rental commitments are as follows:

• 2011	\$756,136
• 2012	\$767,238
• 2013	\$778,676
• 2014	\$479,298
• 2015	\$490,569
Total	\$3,733,054

16. Information About Financial Instruments with Off-Balance Sheet Risk and Financial Instruments with Concentrations of Credit Risk.

None.

17. Sales, Transfer and Servicing of Financial Assets and Extinguishment of Liabilities

None.

18. Gain or Loss to the Reporting Entity from Uninsured A&H Plans and the Uninsured Portion of Partially Insured Plans.

- A. – ASO Plans - None
- B. – ASC Plans - None
- C. – Medicare or Other Similarly Structured Cost Based Reimbursement Contract - None

19. Direct Premium Written/Produced by Managing General Third Agents/Third Party Administrators

None.

20. Fair Value Measurements

- A. – Assets Measured at Fair Value on a Recurring Basis at December 31, 2010:

Description	Level 1	Unrecognized Gain
Short Term Investments – U.S. Treasury Bills	\$53,118,415	\$27,793
- B. – No assets and liabilities measured on a nonrecurring basis.
- C. - Not applicable
- D. - Not applicable

21. Other Items

None.

Notes to Financial Statements

22. Events Subsequent

None.

23. Reinsurance

The Plan has a reinsurance agreement with Reliastar Life Insurance Company, NAIC #67105, Federal tax ID #41-0451140, a non-affiliated U.S. company. The deductible rate for institutional services is \$150,000 for covered Medicaid members and \$120,000 for covered Medicare members with a co-payment of 10%, except for non-approved transplants in 2010. Reinsurance ceded was \$534,702 and \$555,979 for 2010 and 2009, respectively. The maximum reinsurance per member is \$1,000,000 per year and \$2,000,000 per lifetime. The agreement is non-cancelable other than for failure to pay premiums. For the 2010 policy year, the Plan has an estimated receivable of \$50,983 on paid claims as of December 31, 2010. The Plan received a \$364,925 reimbursement for the 2009 policy year in January 2011.

The company does not have assumed uncollectible or retroactive reinsurance.

24. Retrospectively Rated Contracts and Contracts Subject to Redetermination.

None.

25. Change in Incurred Claims and Claims Adjustment Expenses

A certified actuary has opined upon the estimated reserve for claims incurred but not reported. Although management believes that the provision for unpaid claims is adequate, it is not known until the ultimate settlement of these liabilities. Any future adjustments to these amounts will affect the reported results of future periods. In addition, the Plan recognized claim adjustment expenses based on an actuarial determined amount. Claim adjustment expenses for the years ended December 31, 2010 and 2009 for the Plan were approximately \$3,026,000 and \$2,827,028 as specified by SSAP No. 55, Unpaid Claims, Losses and Loss Adjustment Expenses which was adopted by the State of Michigan Division of Insurance for implementation beginning with the year ended December 31, 2002 reporting requirements.

26. Intercompany Pooling Arrangements

None

27. Structured Settlements

None

28. Health Care Receivables - Admitted

- A. **Pharmaceutical/Rebates Receivable** – The plan recognizes pharmacy rebates/reimbursements when the amounts are known or a reasonable estimate is determinable.

Quarter	Estimated Receivable	Confirmed Receivable	Received within 90 days	Received within 91 -180 days	Received over 180 days
12/31/10	174,163	174,163	174,163		
9/30/10	3,515	3,515	3,515		
6/30/10	220,466	220,466	220,466		
3/31/10	378,381	378,381	378,381		
12/31/09	489,393	489,393	489,393		
9/30/09	190,271	190,271	190,271		
6/30/09	198,502	198,502	198,502		
3/31/09	229,920	229,920	229,920		
12/31/08	543,210	543,210	543,210		
9/30/08	288,262	288,262	288,262		
6/30/08	365,117	365,117	365,117		
3/31/08	370,044	370,044	370,044		

B. Risk Sharing Receivable

The Plan’s contract with capitated providers that have 250 or more assigned members are subject to risk sharing. Any provider with a deficit balance owes 25% of that balance, up to a maximum of two month’s capitation, to the Plan. The Plan has a final settlement with Providers 18 months after the beginning of the respective contract year. For 2010 and 2009 the Plan has agreed to waive any Risk Share Receivable and accordingly rebased its capitation payment and referral pool funding for 2010.

29. Participating Policies

None

30. Premium Deficiency Reserves

None

31. Anticipated Salvage and Subrogation

None

GENERAL INTERROGATORIES
PART 1 - COMMON INTERROGATORIES
GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?

Yes[X] No[]
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations?

Yes[X] No[] N/A[]
Michigan
- 1.3 State Regulating?
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes[] No[X]
- 2.2 If yes, date of change:
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made.

12/31/2007
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

12/31/2007
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

10/28/2008
- 3.4 By what department or departments?
Department of Energy, Labor & Economic Growth (DELEG) , Office of Financial & Insurance Regulation (OFIR)
- 3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with departments?

Yes[] No[] N/A[X]
Yes[X] No[] N/A[]
- 3.6 Have all of the recommendations within the latest financial examination report been complied with?
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business?

Yes[] No[X]
- 4.12 renewals?

Yes[] No[X]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business?

Yes[] No[X]
- 4.22 renewals?

Yes[] No[X]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes[] No[X]
- 5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period?

Yes[] No[X]
- 6.2 If yes, give full information:
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity?

Yes[] No[X]
- 7.2 If yes,
- 7.21 State the percentage of foreign control

0.000%
- 7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact)

1 Nationality	2 Type of Entity

- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?

Yes[] No[X]
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.
- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms?

Yes[] No[X]
- 8.4 If response to 8.3 is yes, please provide the names and location (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e., the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC) and identify the affiliate's primary federal regulator.

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 OTS	6 FDIC	7 SEC
		Yes[] No[X]	Yes[] No[X]	Yes[] No[X]	Yes[] No[X]	Yes[] No[X]

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
BDO USA, LLP, 755 West Big Beaver, Suite 1900 Troy, Michigan 48084-0178
- 10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation?

Yes[] No[X]
- 10.2 If response to 10.1 is "yes," provide information related to this exemption:
- 10.3 Has the insurer been granted any exemptions to the audit committee requirements as allowed in Section 14H of the Annual Financial Reporting Model Regulation, or substantially similar state law or regulation?

Yes[] No[X]
- 10.4 If response to 10.3 is "yes," provide information related to this exemption:
- 10.5 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 17A of the Model Regulation, or substantially similar state law or regulation?

Yes[] No[X]
- 10.6 If response to 10.5 is "yes," provide information related to this exemption:
- 10.7 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws?

Yes[X] No[] N/A[]
- 10.8 If the answer to 10.7 is "NO" or "N/A" please explain:

GENERAL INTERROGATORIES (Continued)

11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
Michael Sturm, Milliman USA, 15800 Blue Mound Road, Suite 400, Brookfield, Wisconsin 53005-6069, Consulting Contract

12.1	Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly?	Yes[] No[X]
12.11	Name of real estate holding company	
12.12	Number of parcels involved	0
12.13	Total book/adjusted carrying value	\$ 0
12.2	If yes, provide explanation	

13. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:

13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?			Yes <input type="checkbox"/>	No <input type="checkbox"/>	N/A <input checked="" type="checkbox"/>
13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located?			Yes <input type="checkbox"/>	No <input type="checkbox"/>	N/A <input checked="" type="checkbox"/>
13.3 Have there been any changes made to any of the trust indentures during the year?			Yes <input type="checkbox"/>	No <input type="checkbox"/>	N/A <input checked="" type="checkbox"/>
13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes?			Yes <input type="checkbox"/>	No <input type="checkbox"/>	N/A <input checked="" type="checkbox"/>

<p>14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards?</p> <p>a. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;</p> <p>b. Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;</p> <p>c. Compliance with applicable governmental laws, rules and regulations;</p> <p>d. The prompt internal reporting of violations to an appropriate person or persons identified in the code; and</p> <p>e. Accountability for adherence to the code.</p>	<p>Yes[X] No []</p>
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14.11 If the response to 14.1 is no, please explain:

14.2 Has the code of ethics for senior managers been amended? Yes ☐ No ☐

14.21 If the response to 14.2 is yes, provide information related to amendment(s). Yes[] No[X]

14.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes[] No[X]

14.31 If the response to 14.3 is yes, provide the nature of any waiver(s).

BOARD OF DIRECTORS

15. Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinate committee thereof? Yes ☒ No ☐

16. Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors and all subordinate committees thereof? Yes ☒ No ☐

17. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person?

FINANCIAL

18. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)?

19.1	Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):		
19.11	To directors or other officers	\$	0
19.12	To stockholders not officers	\$	0
19.13	Trustees, supreme or grand (Fraternal only)	\$	0
19.2	Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):		
19.21	To directors or other officers	\$	0
19.22	To stockholders not officers	\$	0
19.23	Trustees, supreme or grand (Fraternal only)	\$	0

20.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement?

20.2	If yes, state the amount thereof at December 31 of the current year:		
20.21	Rented from others	\$	0
20.22	Borrowed from others	\$	0
20.23	Leased from others	\$	0
20.24	Other	\$	0

21.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments?

21.2 If answer is yes:			
21.21 Amount paid as losses or risk adjustment	\$	0	
21.22 Amount paid as expenses	\$	0	
21.23 Other amounts paid	\$	0	

22.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes ☐ No ☒

22.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$ _____

INVESTMENT

23.1 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 23.3)

23.2 If no, give full and complete information, relating thereto:

23.3 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet. (an alternative is to reference Note 17 where this information is also provided)

23.4 Does the Company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions? Yes ☐ No ☒ N/A ☐

23.5 If answer to 23.4 is yes, report amount of collateral for conforming programs.	\$	0
23.6 If answer to 23.4 is no, report amount of collateral for other programs.	\$	0

23.7 Do your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract?

Yes ☐ No ☐ N/A ☒

23.8	Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%?	Yes	No	N/A
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23.9 Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities lending Agreement (MSLA) to conduct securities lending? Yes ☐ No ☒ N/A ☐

24.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 20.1 and 23.3).

24.2	If yes, state the amount thereof at December 31 of the current year:		
24.21	Subject to repurchase agreements	\$	0
24.22	Subject to reverse repurchase agreements	\$	0
24.23	Subject to dollar repurchase agreements	\$	0
24.24	Subject to reverse dollar repurchase agreements	\$	0
24.25	Pledged as collateral	\$	0
24.26	Placed under option agreements	\$	0

GENERAL INTERROGATORIES (Continued)

24.27 Letter stock or securities restricted as to sale
24.28 On deposit with state or other regulatory body
24.29 Other

\$0
\$1,008,328
\$0

24.3 For category (24.27) provide the following:

1	2	3
Nature of Restriction	Description	Amount
.....

25.1 Does the reporting entity have any hedging transactions reported on Schedule DB?
25.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state?
If no, attach a description with this statement.

Yes[] No[X]
Yes[] No[] N/A[X]

26.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity?
26.2 If yes, state the amount thereof at December 31 of the current year.

Yes[] No[X]
\$0

27. Excluding items in Schedule E - Part 3 - Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section I, III - General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook?
27.01 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

Yes[X] No[]

1	2
Name of Custodian(s)	Custodian's Address
Bank of America, N.A. Wealth Management Group	2600 West Big Beaver Road, Troy, MI 48084

27.02 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1	2	3
Name(s)	Location(s)	Complete Explanation(s)
.....

27.03 Have there been any changes, including name changes, in the custodian(s) identified in 27.01 during the current year?
27.04 If yes, give full and complete information relating thereto:

Yes[] No[X]

1	2	3	4
Old Custodian	New Custodian	Date of Change	Reason
.....

27.05 Identify all investment advisers, broker/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1	2	3
Central Registration Depository Number(s)	Name	Address
.....

28.1 Does the reporting entity have any diversified mutual funds reported in Schedule D, Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b)(1)])?
28.2 If yes, complete the following schedule:

Yes[] No[X]

1	2	3
CUSIP #	Name of Mutual Fund	Book/Adjusted Carrying Value
28.2999 Total

28.3 For each mutual fund listed in the table above, complete the following schedule:

1	2	3	4
Name of Mutual Fund (from above table)	Name of Significant Holding of the Mutual Fund	Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	Date of Valuation
.....

29. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

GENERAL INTERROGATORIES (Continued)

		1	2	3
		Statement (Admitted) Value	Fair Value	Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
29.1	Bonds	54,098,950	54,126,743	27,793
29.2	Preferred stocks			
29.3	Totals	54,098,950	54,126,743	27,793

- 29.4 Describe the sources or methods utilized in determining the fair values
Ready market for the Investments held: U.S. Treasury Note and U.S. Treasury Bills with stated interest rate and Money Market Fund
- 30.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D?
30.2 If the answer to 30.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source?
30.3 If the answer to 30.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:
- 31.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed?
31.2 If no, list exceptions:
- Yes[X] No[]
Yes[X] No[] N/A[]
Yes[X] No[]

OTHER

- 32.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any?
32.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus during the period covered by this statement.
- \$ 105,588

1 Name	2 Amount Paid
Michigan Association of Health Plans	63,875
Medicaid Health Plans of America	36,190

- 33.1 Amount of payments for legal expenses, if any?
33.2 List the name of the firm and the amount paid if any such payments represented 25% or more of the total payments for legal expenses during the period covered by this statement.
- \$ 87,853

1 Name	2 Amount Paid
Barris, Scott, Denn & Driker, PLLC	36,845
Honigman, Miller, Schwartz and Cohn	34,475

- 34.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or department of government, if any?
34.2 List the name of firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies officers or department of government during the period covered by this statement.
- \$ 0

1 Name	2 Amount Paid
.....

GENERAL INTERROGATORIES (Continued)

PART 2 - HEALTH INTERROGATORIES

1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force?

Yes[] No[X]

1.2 If yes, indicate premium earned on U.S. business only:

\$ 0

1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?

\$ 0

1.31 Reason for excluding:

1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above.

\$ 0

1.5 Indicate total incurred claims on all Medicare Supplement insurance.

\$ 0

1.6 Individual policies - Most current three years:

1.61 Total premium earned

\$ 0

1.62 Total incurred claims

\$ 0

1.63 Number of covered lives

..... 0

All years prior to most current three years:

1.64 Total premium earned

\$ 0

1.65 Total incurred claims

\$ 0

1.66 Number of covered lives

..... 0

1.7 Group policies - Most current three years:

1.71 Total premium earned

\$ 0

1.72 Total incurred claims

\$ 0

1.73 Number of covered lives

..... 0

All years prior to most current three years:

1.74 Total premium earned

\$ 0

1.75 Total incurred claims

\$ 0

1.76 Number of covered lives

..... 0

2. Health Test

		1	2
		Current Year	Prior Year
2.1	Premium Numerator	248,357,265	227,019,651
2.2	Premium Denominator	248,357,265	227,019,651
2.3	Premium Ratio (2.1 / 2.2)	1.000	1.000
2.4	Reserve Numerator	26,430,558	22,745,365
2.5	Reserve Denominator	26,430,558	22,745,365
2.6	Reserve Ratio (2.4 / 2.5)	1.000	1.000

3.1 Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits?

Yes[] No[X]

3.2 If yes, give particulars:

4.1 Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and dependents been filed with the appropriate regulatory agency?

Yes[X] No[]

4.2 If not previously filed furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered?

Yes[] No[] N/A[X]

5.1 Does the reporting entity have stop-loss reinsurance?

Yes[X] No[]

5.2 If no, explain:

5.3 Maximum retained risk (see instructions):

5.31 Comprehensive Medical

\$ 235,000

5.32 Medical Only

\$ 0

5.33 Medicare Supplement

\$ 0

5.34 Dental & Vision

\$ 0

5.35 Other Limited Benefit Plan

\$ 0

5.36 Other

\$ 0

6. Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:

Midwest Health Plan has agreements with its Primary Care providers to continue services until enrollee is re-assigned by Medicaid.

7.1 Does the reporting entity set up its claim liability for provider services on a service date base?

Yes[X] No[]

7.2 If no, give details:

8. Provide the following information regarding participating providers:

8.1 Number of providers at start of reporting year

..... 999

8.2 Number of providers at end of reporting year

..... 1,072

9.1 Does the reporting entity have business subject to premium rate guarantees?

Yes[] No[X]

9.2 If yes, direct premium earned:

9.21 Business with rate guarantees between 15-36 months

..... 0

9.22 Business with rate guarantees over 36 months

..... 0

10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contracts?

Yes[X] No[]

10.2 If yes:

10.21 Maximum amount payable bonuses

\$ 3,100,000

10.22 Amount actually paid for year bonuses

\$ 2,890,564

10.23 Maximum amount payable withholds

\$ 1,419,544

10.24 Amount actually paid for year withholds

\$ 216,831

11.1 Is the reporting entity organized as:

11.12 A Medical Group/Staff Model,

Yes[] No[X]

11.13 An Individual Practice Association (IPA), or,

Yes[] No[X]

11.14 A Mixed Model (combination of above)?

Yes[X] No[]

11.2 Is the reporting entity subject to Minimum Net Worth Requirements?

Yes[X] No[]

11.3 If yes, show the name of the state requiring such net worth.

Michigan

11.4 If yes, show the amount required.

\$ 13,974,960

11.5 Is this amount included as part of a contingency reserve in stockholder's equity?

Yes[] No[X]

11.6 If the amount is calculated, show the calculation.

12. List service areas in which the reporting entity is licensed to operate:

1
Name of Service Area
Livingston, Macomb, Oakland, St. Claire, Washtenaw, Wayne
Counties

13.1 Do you act as a custodian for health savings accounts?

Yes[] No[X]

13.2 If yes, please provide the amount of custodial funds held as of the reporting date:

\$ 0

13.3 Do you act as an administrator for health savings accounts?

Yes[] No[X]

13.4 If yes, please provide the balance of the funds administered as of the reporting date:

\$ 0

FIVE-YEAR HISTORICAL DATA

	1 2010	2 2009	3 2008	4 2007	5 2006
BALANCE SHEET (Pages 2 and 3)					
1. TOTAL Admitted Assets (Page 2, Line 28)	77,769,737	71,884,532	62,788,614	54,545,661	46,259,391
2. TOTAL Liabilities (Page 3, Line 24)	29,335,218	25,895,358	23,985,937	20,688,735	16,890,803
3. Statutory surplus	13,974,960	12,790,400	11,377,286	10,678,974	8,340,874
4. TOTAL Capital and Surplus (Page 3, Line 33)	48,434,519	45,989,174	38,802,677	33,856,926	29,368,588
INCOME STATEMENT (Page 4)					
5. TOTAL Revenues (Line 8)	247,768,626	223,384,669	189,619,327	165,777,219	121,367,001
6. TOTAL Medical and Hospital Expenses (Line 18)	203,845,454	186,490,777	167,136,879	148,845,887	103,365,624
7. Claims adjustment expenses (Line 20)	3,026,000	2,827,028	2,957,354	2,848,723	2,530,102
8. TOTAL Administrative Expenses (Line 21)	28,243,555	23,223,159	12,794,307	9,891,187	8,609,259
9. Net underwriting gain (loss) (Line 24)	12,653,616	10,843,704	6,730,787	4,191,422	6,862,016
10. Net investment gain (loss) (Line 27)	52,073	116,693	1,356,439	2,610,558	2,204,203
11. TOTAL Other Income (Lines 28 plus 29)					
12. Net income or (loss) (Line 32)	8,509,248	7,060,397	5,224,225	4,372,980	6,009,219
Cash Flow (Page 6)					
13. Net cash from operations (Line 11)	12,842,518	8,150,854	9,115,981	9,064,554	5,722,391
RISK-BASED CAPITAL ANALYSIS					
14. TOTAL Adjusted Capital	48,434,519	45,989,174	38,802,677	33,856,926	29,368,589
15. Authorized control level risk-based capital	6,987,480	6,395,200	5,688,643	5,339,487	4,170,437
ENROLLMENT (Exhibit 1)					
16. TOTAL Members at End of Period (Column 5, Line 7)	71,013	69,642	64,542	64,487	59,381
17. TOTAL Members Months (Column 6, Line 7)	848,284	802,338	774,121	763,807	687,543
OPERATING PERCENTAGE (Page 4)					
(Item divided by Page 4, sum of Lines 2, 3 and 5) x 100.0					
18. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5)	100.0	100.0	100.0	100.0	100.0
19. TOTAL Hospital and Medical plus other non-health (Lines 18 plus Line 19)	82.1	82.1	83.4	84.5	80.3
20. Cost containment expenses					
21. Other claims adjustment expenses	1.2	1.2	1.5	1.6	2.0
22. TOTAL Underwriting Deductions (Line 23)	94.7	93.6	91.2	91.7	89.0
23. TOTAL Underwriting Gain (Loss) (Line 24)	5.1	4.8	3.4	2.4	5.3
UNPAID CLAIMS ANALYSIS					
(U&I Exhibit, Part 2B)					
24. TOTAL Claims Incurred for Prior Years (Line 13, Column 5)	22,770,447	15,900,698	18,642,022	10,713,378	11,410,679
25. Estimated liability of unpaid claims-[prior year (Line 13, Column 6)]	22,745,365	20,006,827	18,380,747	12,671,643	14,874,949
INVESTMENTS IN PARENT, SUBSIDIARIES AND AFFILIATES					
26. Affiliated bonds (Sch. D Summary, Line 12, Column 1)					
27. Affiliated preferred stocks (Sch. D Summary, Line 18, Column 1)					
28. Affiliated common stocks (Sch. D Summary, Line 24, Column 1)					
29. Affiliated short-term investments (subtotal included in Sch. DA Verification, Col. 5, Line 10)					
30. Affiliated mortgage loans on real estate					
31. All other affiliated					
32. TOTAL of Above Lines 26 to 31					

NOTE: If a party to a merger, have the two most recent years of this exhibit been restated due to a merger in compliance with the disclosure requirements of SSAP No. 3, Accounting Changes and Correction of Errors? Yes[] No[] N/A[X]

If no, please explain::

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS
ALLOCATED BY STATES AND TERRITORIES

		1	Direct Business Only							
			2	3	4	5	6	7	8	9
State, Etc.		Active Status	Accident & Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Program Premiums	Life & Annuity Premiums & Other Considerations	Property/ Casualty Premiums	Total Columns 2 Through 7	Deposit - Type Contracts
1.	Alabama (AL)	N								
2.	Alaska (AK)	N								
3.	Arizona (AZ)	N								
4.	Arkansas (AR)	N								
5.	California (CA)	N								
6.	Colorado (CO)	N								
7.	Connecticut (CT)	N								
8.	Delaware (DE)	N								
9.	District of Columbia (DC)	N								
10.	Florida (FL)	N								
11.	Georgia (GA)	N								
12.	Hawaii (HI)	N								
13.	Idaho (ID)	N								
14.	Illinois (IL)	N								
15.	Indiana (IN)	N								
16.	Iowa (IA)	N								
17.	Kansas (KS)	N								
18.	Kentucky (KY)	N								
19.	Louisiana (LA)	N								
20.	Maine (ME)	N								
21.	Maryland (MD)	N								
22.	Massachusetts (MA)	N								
23.	Michigan (MI)	L		6,116,543	242,775,423				248,891,966	
24.	Minnesota (MN)	N								
25.	Mississippi (MS)	N								
26.	Missouri (MO)	N								
27.	Montana (MT)	N								
28.	Nebraska (NE)	N								
29.	Nevada (NV)	N								
30.	New Hampshire (NH)	N								
31.	New Jersey (NJ)	N								
32.	New Mexico (NM)	N								
33.	New York (NY)	N								
34.	North Carolina (NC)	N								
35.	North Dakota (ND)	N								
36.	Ohio (OH)	N								
37.	Oklahoma (OK)	N								
38.	Oregon (OR)	N								
39.	Pennsylvania (PA)	N								
40.	Rhode Island (RI)	N								
41.	South Carolina (SC)	N								
42.	South Dakota (SD)	N								
43.	Tennessee (TN)	N								
44.	Texas (TX)	N								
45.	Utah (UT)	N								
46.	Vermont (VT)	N								
47.	Virginia (VA)	N								
48.	Washington (WA)	N								
49.	West Virginia (WV)	N								
50.	Wisconsin (WI)	N								
51.	Wyoming (WY)	N								
52.	American Samoa (AS)	N								
53.	Guam (GU)	N								
54.	Puerto Rico (PR)	N								
55.	U.S. Virgin Islands (VI)	N								
56.	Northern Marianas Islands (MP)	N								
57.	Canada (CN)	N								
58.	Aggregate other alien (OT)	X X X								
59.	Subtotal	X X X		6,116,543	242,775,423				248,891,966	
60.	Reporting entity contributions for Employee Benefit Plans	X X X								
61.	TOTAL (Direct Business)	(a).... 1		6,116,543	242,775,423				248,891,966	
DETAILS OF WRITE-INS										
5801.		X X X								
5802.		X X X								
5803.		X X X								
5898.	Summary of remaining write-ins for Line 58 from overflow page	X X X								
5899.	TOTALS (Lines 5801 through 5803 plus 5898) (Line 58 above)	X X X								

(L) Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) Registered - Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer; (E) Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) None of the above - Not allowed to write business in the state.

(a) Insert the number of L responses except for Canada and Other Alien.
Explanation of basis of allocation of premiums by states, etc.:

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER
MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART

1) Rick Poston, Owns 27.30% of MHP Stock

2) Jack Shaprio, Owns 27.30% of MHP Stock

3)Mark Saffer, Owns 27.30% of MHP Stock

|
|
RJM Company, LLC
(20-2811451)

|
|
Farid Jano, Owns 13.73% of Stock

|
|
Midwest Health Plan, Inc.
(38-3123777)

38

Related Parties:

Midwest Health
Center, PC
(38-2342286)
(Affiliate)

SPS Woodbridge,
LLC
(38-3443779)
(Affiliate)

Rick A. Poston, DO, PC
(38-2243830)
(Affiliate)

Carpenter Medical
Associates, PC
(38-2576638)
(Affiliate)

|
|
Midwest Health AKM, Inc.
(20-0262421)
Subsidiary of
Midwest Health Center, PC

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER
MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART

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